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FINANCING OF THE ACTIVITIES ARISING FROM SECURITY COUNCIL RESOLUTION 687 (1991): UNITED NATIONS IRAQ-KUWAIT OBSERVATION MISSION

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) considered the report of the Secretary-General on the financing of the United Nations Iraq-Kuwait Observation Mission (UNIKOM) (A/49/863). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information at the meeting and subsequently in writing.

2. UNIKOM was established by Security Council resolution 687 (1991). By its resolution 689 (1991), the Council decided to review the question of the termination or continuation of UNIKOM every six months. In October 1994, the Security Council decided to review the question by 8 April 1995. By a letter (S/1995/280) dated 10 April 1995 from the President of the Security Council, the Secretary-General was informed that, in accordance with resolution 689 (1991), the Council had decided to review the question once again by 7 October 1995.

3. The Secretary-General's report was issued on 29 March 1995, just before the end of the ACABQ winter session and the resumed session of the Fifth Committee. The report did not contain comprehensive information on certain important projects being undertaken by UNIKOM. Pending submission of the required information and to maintain legislative authority for meeting the expenses of UNIKOM, the General Assembly, on the recommendation of the Advisory Committee, provisionally approved an amount of $12 million net for the maintenance of UNIKOM for the period from 1 April to 30 June 1995, two thirds of that amount to be funded from voluntary contributions from the Government of Kuwait.

4. On that basis, the General Assembly also authorized the Secretary-General to enter into commitments in an amount of $4 million net, representing one third

of the cost of the maintenance of the Mission, in addition to the $8 million to be made available by the Government of Kuwait.

5. The Secretary-General's report contains, inter alia, cost estimates for the 8-month period from 1 November 1994 to 30 June 1995 and, in order to adjust to the financial periods as called for in General Assembly resolution 49/233, cost estimates for the 12-month period from 1 July 1995 to 30 June 1996. As indicated in the report, the cost for the 8-month period from 1 November 1994 to 30 June 1995 is estimated at $43,718,300 gross ($41,997,500 net) while the cost for the 12-month period from 1 July 1995 to 30 June 1996 is estimated at $63,912,000 gross ($61,298,000 net).

6. Annex XI to the Secretary-General's report shows the resources made available to UNIKOM as well as the operating costs from its inception on 9 April 1991 up to 31 March 1995.

7. The Secretary-General's report also contains the financial performance of the Mission for the period from 1 November 1993 to 31 October 1994. As indicated in paragraph 25 of the report, for the period from 1 November 1993 to 31 October 1994, total expenditures amounted to $58,830,600 gross ($56,755,600 net), resulting in an unencumbered balance of $11,169,400 gross ($10,997,700 net) of which $7,800,000 has already been credited to Member States. As indicated in the report, the unencumbered balance was due primarily to the lower number of military and civilian personnel on board during the period, the supply of various engineering equipment and vehicles by the host Government for which estimates for rental had been included in the budget and the emplacement of only three helicopters instead of the six originally planned.

8. The Advisory Committee was informed that, as at the end of February 1995, unliquidated obligations amounted to $6.7 million, while as at the end of March 1995, the amount was $4.6 million. Paragraph 29 of the Secretary-General's report indicates that full reimbursement of troop costs in accordance with standard rates of reimbursement has been made for the period ending December 1994. The Advisory Committee was informed that reimbursement has been made in full up to March 1995.

9. With regard to voluntary contributions, as indicated in paragraph 16 of the Secretary-General's report, an amount of $58,273,500, representing two thirds of the cost of UNIKOM for the period from 1 November 1993 to 31 March 1995, has been received from the Government of Kuwait, in addition to 35 vehicles for use by the Engineering Unit of UNIKOM. Two fixed-wing aircraft with crew were provided by the Government of Switzerland; however, this service was discontinued as of 31 December 1994.

10. It may be recalled that, in resolution 48/242, the General Assembly authorized, as an exceptional measure, the Secretary-General to enter into commitments up to the amount of $5.5 million gross ($5,312,800 net) per month, inclusive of the two-thirds share to be met from voluntary contributions from the Government of Kuwait, for the maintenance of UNIKOM for the period from 1 May to 31 October 1994, one third of the full amount to be assessed among Member States.

11. In addition, the Assembly, by the same resolution, decided that, on an experimental basis, the Secretary-General could enter into commitments up to the amount of $5.5 million gross ($5,312,800 net) per month, inclusive of the two-thirds share to be met through voluntary contributions from the Government of Kuwait for the period from 1 November 1994 to 31 March 1995, one third of the full amount to be assessed among Member States.

12. In reviewing the Secretary-General's report, the Advisory Committee recalled that UNIKOM's headquarters is at Umm Qasr, with liaison offices in Baghdad and Kuwait City and a logistics base at Doha. The Committee was informed that the logistics base was in the process of being moved from Doha to facilities in Kuwait City. Additionally, the Advisory Committee was informed that a project to consolidate facilities in the new UNIKOM Support Centre in Kheitan and Umm Qasr headquarters has been under way since January 1995 and is expected to be completed in July 1995.

13. The Secretary-General's report, however, does not contain comprehensive information on the relocation of the Doha logistics base and the new Support Centre and the impact of these projects on the various items of expenditure. The Advisory Committee therefore had requested that that information be provided to it, including the administrative and financial implications of the relocation and facilities at the new Support Centre, in order for the Committee to assess the requirements in their totality.

14. From the information provided to it, the Advisory Committee notes that the relocation of the Doha logistics base to the Support Centre at Kheitan was made at the request of the Kuwaiti Government. UNIKOM agreed in principle to vacate the Doha logistics base as long as the Kuwaiti Government would provide equivalent or better facilities.

15. In response to the Government's request for relocation, UNIKOM established a reconnaissance team for the purpose of inspecting alternative sites offered by the Kuwaiti Government. A former school complex at Kheitan, approximately 10 kilometres south of the centre of Kuwait City and easily accessible from sea as well as the airport, was considered as the most viable relocation site.

16. However, the complex required extensive repairs, renovation, adaptation and construction work for use by UNIKOM. Since the complex has been provided by the host Government free of charge to UNIKOM and the cost of major renovation work was also borne by the Government, no comparison of costs was conducted. The Advisory Committee was informed that the complex had been provided to UNIKOM in accordance with the status-of-mission agreement.

17. The Advisory Committee inquired as to the advantages, if any, of relocating the logistics base from Doha. The Committee was informed that the UNIKOM Support Centre consolidates part of the former Doha logistics base, the liaison office in Bayan and the Jabriya accommodation complex located in and around Kuwait City. The decision to consolidate the UNIKOM offices and other facilities in Kuwait was made to improve and facilitate coordination of all UNIKOM administrative and logistics operations in Kuwait. The consolidation at the Support Centre also eliminated travelling time between the former three

locations, thus reducing costs in view of the consolidation of the communications systems, transport costs and administrative support services.

18. The Advisory Committee was also informed that part of the workshops, warehouses and stores that were located at Doha need to be moved to Camp Khor, since the facilities in the Support Centre in Kheitan are not large enough or adequate to accommodate the full range of activities and storage facilities that were in Doha. However, it is believed that relocation of these facilities to Camp Khor would also enhance the logistics efficiency in view of the proximity to the demilitarized zone (DMZ). Construction of the these facilities has been scheduled to commence in April 1995 with about 10 per cent of the project expected to be completed by June 1995. The remainder is expected to be completed by October 1995.

19. As indicated above, the Advisory Committee also requested and received information on the financial implications and estimated costs to UNIKOM in respect of the Support Centre for the periods from 1 November 1994 to 30 June 1995 and from 1 July 1995 to 30 June 1996 amounting to $974,900, of which $354,000 represents recurrent costs and $620,900 non-recurrent costs.

20. The comments below are with regard to cost estimates for the periods from 1 November 1994 to 30 June 1995 and 1 July 1995 to 30 June 1996. The Advisory Committee believes that it is somewhat difficult to compare estimates for these budget periods with the period covered by the financial performance report (1 November 1993 to 31 October 1994) accurately, given that the amounts estimated for personnel and other items were not fully utilized (see para. 7 above). However, the Committee is of the view that savings may be realized under a variety of objects of expenditure in line with the experience gained during the previous mandate periods.

Personnel costs

21. With regard to mission subsistence allowance for all military personnel and international staff as indicated in annex IV of the report, cost estimates are based on United Nations-provided accommodation, except for Baghdad, and are at the rate of $115 per day in Kuwait and the DMZ and $125 per day in Baghdad. The rates are subject to supplements of 10 plus 25 per cent for staff at the D-1 and assistant secretary-general levels respectively; the subsistence rate for Baghdad however is not subject to any supplement.

22. For the budgeted periods, provision is made for a force strength of 255 military observers, 910 contingent personnel and up to 259 internationally and locally recruited personnel. As indicated in paragraph 7 of annex IV to the Secretary-General's report, 45 military observers are on standby and no provision has been made for them in the cost estimate. Should it become necessary to deploy them to the mission area, the Secretariat intends to revert to the Advisory Committee in the event that additional funds are required for this purpose.

23. The Advisory Committee reiterates its view that the overall question of staffing, with regard to both military and civilian personnel, should be kept

under review within the objective of effecting appropriate reductions whenever possible.

Transport operations

24. The Advisory Committee notes that the requirements for the purchase of 11 additional vehicles (for a total of 256 United Nations-owned vehicles) during the period from 1 November 1994 to 30 June 1995 are estimated at $257,200 (A/49/863, annex IV, para. 49). Total related expenditure for spare parts, repairs and maintenance of the 256 vehicles as well as 182 contingent-owned vehicles is estimated at $738,900 (A/49/863, annex IV, para. 52). Expenditure for petrol, oil and lubricants is estimated at $515,900, with petrol costs estimated at $0.82 per gallon.

25. The Advisory Committee notes that, for the period from 1 July 1995 to 30 June 1996, the cost estimate of $726,800 provides for the replacement of 20 vehicles. Total related expenditure for spare parts, repairs and maintenance of 283 United Nations-owned vehicles and 188 contingent-owned vehicles is estimated at $1,215,600 (A/49/863, annex V, para. 22). Estimated expenditure for petrol, oil and lubricants for the fleet has been given as $1,008,600 with petrol costs estimated at $1.10 per gallon as compared with $0.82 per gallon during the previous budget period. The Advisory Committee notes a similar increase in the cost of aviation fuel for the two budget periods.

26. The Advisory Committee questions this increase in the estimates for petrol, oil and lubricants and reiterates its request to the Secretary-General to ascertain whether some portion of these items could be made available by the host Governments free of charge or at a rate lower than that used in the estimate.

27. The Advisory Committee also questions the increase in the estimates for vehicle insurance from $400 per vehicle for the period from 1 November 1994 to 30 June 1995 (A/49/863, annex IV, para. 56) to $500 per vehicle for the period from 1 July 1995 to 30 June 1996 (A/49/863, annex V, para. 26).

Air operations

28. The Advisory Committee notes from annex III to the report of the Secretary-General that an amount of $26,400 has been estimated for landing fees and ground handling for the 8-month period from 1 November 1994 to 30 June 1995, while for the 12-month period from 1 July 1995 to 30 June 1996 the annex shows an amount of $44,500. Paragraph 72 of annex IV to the Secretary-General's report indicates that provision has been made for ground-handling charges for one fixed-wing aircraft at $3,300 per aircraft per month. No explanation for the increase has been given in the narrative section for the period from 1 July 1995 to 30 June 1996 (A/49/863, annex V), which in fact does not mention the item at all.

29. Bearing in mind its foregoing comments and observations, the Advisory Committee recommends that the General Assembly approve a final total amount of $43 million gross ($41,279,200 net) for the maintenance of the Mission for the period from 1 November 1994 to 30 June 1995 since two thirds of the net amount

equivalent to $27,519,500 would be funded from voluntary contributions from the Government of Kuwait; the General Assembly should appropriate and assess an amount of $15,480,400 gross ($13,759,700 net), representing one third of the cost of the maintenance of the Mission for the period from 1 November 1994 to 30 June 1995.

30. For the period from 1 July 1995 to 30 June 1996, the Advisory Committee recommends that the General Assembly approve an amount of $60 million gross ($57,386,000 net) for the maintenance of the Mission, should the Security Council decide to continue UNIKOM. Two thirds of the net amount would be funded from voluntary contributions from the Government of Kuwait. On this basis, the Advisory Committee recommends that, subject to the decision to be taken by the Security Council with regard to the question of the continuation or termination of UNIKOM, the General Assembly authorize the Secretary-General to enter into commitments up to the amount of $1,811,900 million gross ($1,594,100 net) per month, representing one third of the cost of maintenance of UNIKOM, which would be assessed on Member States, in addition to the two-thirds amount of $3,188,100 per month to be funded by voluntary contributions from the Government of Kuwait.